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# FOREIGN AGRICULTURE



Cattle droving, New Zealand.

New Zealand's Cattle Herds Up  
India's Farm Output Slips

March 3, 1975

Foreign  
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## FOREIGN AGRICULTURE

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It takes 3 days to muster, cut out, and drive a cattle herd 30 miles down the Arawhata River valley on New Zealand's South Island. Beef output is up in New Zealand, as are export marketing activities. Article begins on this page.

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# New Zealand: Cattle Herds Are Up, Earnings From Meat Exports Down

By HAROLD T. SANDEN  
U.S. Agricultural Attaché  
Wellington



Lamb carcasses (top) from fat lamb show near Winton on New Zealand's South Island, ready for shipment. Hereford cattle (above) near Gisborne, North Island. New Zealand cattle numbers are increasing.

NEW ZEALAND'S rising beef output, lower beef prices, and expanding inventories form a background of economic uncertainty for the livestock industry's new 1974-75 (October-September) production season.

The outlook is further complicated by several big "ifs" in the New Zealand livestock marketing picture, including the size of the European Community intervention stocks of beef, the currently inaccessible Japanese market, the increase in U.S. slaughter, Canadian restrictions on meat imports, and a possible sharp upturn in the Australian slaughter rate.

The considerably lower New Zealand beef and veal prices that prevailed throughout much of the 1973-74 production season—compared with the previous season—plus lower levels of output, depressed export earnings substantially in the 1973-74 season.

Beef production may be up by as much as 20 percent in the 1974-75 production season. Cattle numbers are continuing to increase, and these animals must come to slaughter at some point in 1975 or early 1976.

Current slaughter rates are about 21.3 percent of inventory, which indicates probable expansion of inventories in 1975. Slaughter percentages for the 1973-74 season to September 1, 1974, were 13.67 percent for heifers, 35.68 percent for steers, 38.37 percent for cows, and 12.27 percent for bulls.

The sharp increase in bobby calf slaughter, while not a significant factor in 1974 veal production, is mainly in Friesian cross and Hereford-Angus cross calves slaughtered at 4-5 days. Normally, these calves would have been saved for growing and fattening into mature beef, so their slaughter indicates a potential loss of future beef production volume.

There is a general lack of confidence in the industry at the present time, particularly among cow-calf operators. Beef fatteners, however, are buying animals at relatively low prices, and thus are, in effect, merely dollar-averaging.

In 1973, most stocker and feeder cattle cost fatteners NZ\$100-120 per head, and such animals are now being purchased at about \$35 per head. Fatteners probably will continue this policy as long as possible, but eventually the supply of store cattle (stockers and feeders) will be sharply reduced because of use of the abnormal rate of calf slaughter in calendar 1974.

Lamb and mutton promotion is increasing. The New Zealand Meat Producers Board plans to step up its lamb and mutton marketing activity in the Mideast and Far East. An oil-for-meat trade would be welcomed. Sales in mid-1974 of 3,000 tons of lamb to Iraq and 5,000 tons of lamb and 14,000 tons of mutton to Iran give rise to hope of an expanded volume of trade in these areas.

Board representatives also are negotiating with Libya, Greece, and Egypt for sales of sheepmeat and dairy products, and are sending specialists to these countries to demonstrate proper handling and preparation of frozen meat. A similar effort to sell more lamb in North America may be made in 1975.

New Zealand's feed supplies in late 1954 were excellent. Although 1973 was

## *New Zealand's Lush Green Carpet Sustains Dairy and Beef Herds*

New Zealand's bountiful natural resources lend generous support to the islands' traditional grazing industries—livestock, dairying, and sheep.

A young nation of 134 years, New Zealand's thrifty English and Scotch colonists early learned that once the forest and bush were cleared, the country's greatest natural resource was grass. This lush, green carpet grows in varying degrees during 12 months of the year, requires mainly phosphates for fertilizer, and is highly nutritious for producing milk, meat, or wool.

Traditionally, the New Zealand farmer was either a "cow cocky" or sheepman, and his fortunes ebbed and flowed with the tides of overseas markets for his butter and cheese, or his lamb, mutton, and wool.

In the past, New Zealand farm families have been large enough to provide the essential manpower needed for the highly labor-intensive tasks of milking and caring for a dairy herd, or lambing, shearing, and mustering lambs for market. Today, the dairy farmer must handle up to 150 cows and do most of the work himself as farm youth seek higher education to escape the drudgeries of farm work.

One sheep station in the Wairarapa has over 3,500 acres of paddocks, 4,500 sheep, and some 600 beef cattle. The work at this station is performed mainly by the owner and one hired man. Haying is contracted to specialists as is shearing in the sheep industry.

The new direction in New Zealand's livestock farming is the result of several factors—shortage of farm labor; unprecedented world demand for lean manufacturing beef, a shift to Friesian dairy herds for greater milk production per cow, and more steers and heifers fed to beef weights.

Proteins, including nonfat milk solids, are commanding a higher price in today's world markets. As a result, production emphasis is shifting to greater milk production per cow. Just a few years ago, 96 percent of the dairy herd in New Zealand were Jerseys, while today they are less than 70 percent of the total.

Thus the New Zealand farmer with less access to farm labor switched to beef cattle and more Friesian-type calves to be grazed out to beef weights. The beef herd in New Zealand has risen to 6.1 million head, while total dairy cattle numbers remain at about 3.4 million head, with fewer than 2.2 million dairy cows in milk production.

Future prospects point to continued buildup in New Zealand's beef herd but not as dramatic as that of Australia where very few heifers are slaughtered, compared with New Zealand where heifers comprise 13 percent of adult cattle slaughter.

However, New Zealand's beef industry will be dependent upon the type of access to the U.S., Japanese, and European Community markets it enjoys in the future. With cattle populations growing in the United States, the EC, South America, and Australia, dairy farmers in New Zealand who have switched to beef production are now reappraising their situation.

—By HAROLD T. SANDEN,  
*U.S. Agricultural Attaché, Wellington*

the driest of the past 40 years, most of New Zealand had a wet winter and spring, with adequate supplies of ground water and hay. Pasture conditions in the second half of 1974 were superb.

Total beef cattle numbers are estimated at 6.1 million head, and beef cows at 2 million head. Farmers are reducing heifer and heavy steer inventories as prices fall. Meat from heifers continues to be the basis for domestic beef consumption.

New Zealand beef production took a sharp drop in 1974. In 1973, farmers overculled both beef and dairy cows because of higher prices and a severe drought. With the lower prices now prevailing for manufacturing beef and ideal pasture conditions, many animals are now being held from slaughter for another year.

Higher prices for dairy products will tend to keep dairy cows in production for another season. The quality of dairy herds was greatly improved with the high kill rate of 1973.

Bobby veal production was up 20 percent in the July-September period, but the yield is not significant. Such calves weigh only about 32 pounds at slaughter and the unit yield is only about 20 pounds of boneless meat.

Lighter slaughter weights for cows and bulls in 1974 are a result of the 1973 drought that was particularly severe in the dairy areas of North Island. Slaughter weights are expected to increase gradually because of the high percentages of Friesian blood in dairy herds. Good grass conditions will help to boost weights.

The year 1974 should have been a high-volume year for New Zealand, but the state of the market resulted in sharply reduced cow, bull, and steer slaughter. The New Zealand Meat Products Board at the beginning of the year estimated a 6 percent increase in production during 1974 and shipments of 140,000 metric tons to the United States. This latter estimate has since been revised downward to about 122,300 tons.

New Zealand Government officials anticipate improvement in the beef market in 1975. They intend to push for access to the U.S. market for grass-fed table beef—particularly if a large percentage of the slaughter of U.S. steers and heifers is grass-fed beef.

The New Zealand beef mix currently is trending toward meat derived from

the beef breeds—particularly Angus and Hereford. A considerable volume of forequarter beef from steers and heifers currently is moving into the manufacturing beef category because the domestic market demands mainly hindquarter cuts. The U.S. trade apparently is willing to accept the somewhat fatter beef.

The biggest problem confronting the New Zealand beef industry in 1974 was the loss of some export markets. The United States has become the only major export market open to unrestricted beef imports. Shipments to the United States amounted to 71 percent of export production of beef and veal in 1973-74 (October-September), compared with 68 percent in the 1972-73 season.

Unless the EC and Japan reopen their doors to beef imports, New Zealand

*"As a result of the world oversupply of meat, some farmers who switched from dairy cattle to beef cattle are now having second thoughts."*

land beef exporters may have a difficult time in 1975. To the New Zealand livestock industry, the large EC intervention stocks are ominous, and the expanded Australian inventory is an even greater threat.

Prospects for export sales to Canada are good, however—particularly since Canada's quotas are set on a country basis and New Zealand has a good base for the 5-year period on which quotas are based. New Zealand probably will ship an additional 10 million tons of beef to Canada in the 1974-75 season.

As a result of the world oversupply of meat, some farmers who switched from dairy cattle to beef cattle are now having second thoughts, and a moderate return to emphasis on dairy cattle may come about during the next 2 years.

Lamb and mutton production were down in 1974. An excessive kill of ewes in 1973, coupled with a drop in the lambing percentages, brought about a lower level of lamb slaughter. As a result of overculling due to drought and higher prices, the present flock is younger and of better quality. An increase in the 1974-75 lamb crop is expected to occur.

Increases in both sheep and lamb pro-

duction are expected in 1975. Sheep and lamb numbers as of June 30, 1974, were estimated at 58.8 million head, compared with 56.7 million head in 1973. A further gain of 5 percent is expected in 1975.

New Zealand has continued to diversify its export trade since the entrance of the United Kingdom into the EC in 1973. A sale of 36,000 tons of frozen carcass mutton was made to the Soviet Union in July. The unit price was said to be 14.5-17.5 cents per pound, and the transaction had the effect of steadying the mutton market by drawing down burdensome stocks. Also, the sale resulted in higher mutton prices for Japan.

Mutton stocks are not now considered burdensome, since more than 32,000 tons of meat sold but not yet shipped are included in the current stocks. Lamb stocks, however, are too heavy, considering the low market and the prospects for a low guarantee on new-season lamb.

New Zealand farmers' planning for the wool and lamb market is problematical. The schedule for new-season lamb is supported by the New Zealand Meat Producers' Board at NZ\$6 per head including pelt, compared with an opening schedule of \$11.20 per head in 1973 and an average \$8.70 per head for most of the season.

Wool prices in late 1974 were down to 1972 levels—even with the support of the New Zealand Wool Marketing Corporation. Prices at new-season auctions averaged 90 cents per kilo in 1974, compared with NZ\$1.58 in 1973.

Higher freight rates are eroding the margins in both meat and wool prices, and a further freight rate increase of 17 percent on meat and dairy shipments to some European ports was put into effect in 1974.

Swine numbers currently are 500,000-515,000, and there is not much prospect of increased production. Feed prices are high, and much feed must be imported as skim milk is no longer fed to pigs.

Swine raising is moving toward integrated production and larger units. Most of the growth will be in the Auckland area because of the proximity of grain importing facilities there.

The Waikato Valley is experiencing a new interest in corn production, with acreage expanding from 15,000 acres in 1972 to about 44,000 acres planned for the 1974-75 season. Swine now have to compete for feed with the rapidly ex-

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# Venezuela Ups '74 Farm Output, Imports, Exports //

Venezuela's growing economy, strengthened by substantial gains in petroleum export earnings, reached new levels of affluence during 1974 in gross national product, gold and foreign exchange reserves, trade balance, and balance-of-payments position.

Agricultural production rose by about 6 percent in 1974 over the 1973 level, and both imports and exports of farm products increased substantially in volume as well as value in 1974 over 1973 levels.

However, inflation—both the home-grown variety as well as that generated abroad—continues to be a problem and is likely to remain so during 1975. After a relatively moderate rate of inflation in 1973 of 11 percent, the rate rose to an estimated 21 percent in 1974.

The Venezuelan Government contends that the major factor in this increase was the rise in the cost of imported goods, but preliminary data indicate that while import prices rose 18 percent, the cost of domestically produced goods increased by 23 percent.

Wholesale prices in September 1974 were 20 percent higher than 12 months earlier (in constant 1968 prices), while the increase in Caracas retail prices was 11 percent in the same period.

Strongly fueled by petroleum and iron ore exports, Venezuela's gross national product reached \$25 billion value in 1974, up from \$17.9 billion in 1973. The percentages of growth in 1973 were 5.9 percent in constant 1968 prices and 21 percent in current prices. Segments of the economy registering high growth rates in 1974 were petroleum, mining, construction, and manufacturing.

Venezuela's gold and foreign exchange holdings were \$2.3 billion at the end of 1973, and by September 1974 had increased to \$4.7 billion and by the year's end stood at \$6.3 billion—a 174 percent increase during calendar 1974.

In 1974 Venezuela again experienced a favorable balance of trade, with the surplus exceeding \$3 billion—the largest surplus on record.

Unemployment continues to be a problem, accounting for about 5 percent of the work force in 1974, while disguised unemployment (underemployment) is much higher.

Venezuela's index of agricultural production in 1974 reached 195 (1961-65=100), a record level. The large increase in the total output of farm commodities allowed a nearly 3 percent increase in the per capita production index.

Much of the crop production gains in 1974 can be attributed to the end of the extended dry weather period that affected Venezuela during the 1972-73 period and a return to more favorable weather conditions. At the same time, the livestock sector continued to expand at a significant rate.

But despite the sizable growth in the overall level of farm output in 1974, the agricultural sector's portion of Venezuela's

gross national product declined slightly in comparison with previous years'. Agriculture's share for 1974 is estimated at about 5 percent, compared to 6.5 percent in 1973 and in other recent years.

Selected farm products in which significant changes occurred in 1974 include:

**Rice.** Estimated production in 1974 probably was at a record level, exceeding the 1973 crop (also a record) by 10 percent. The higher production probably is a result of both expanded harvest area and increased yields. Early in the crop year, it was believed that the harvest would be even larger, but lack of sufficient irrigation water for the expanded planted area resulted in the smaller crop. However, increased production enabled Venezuela to export about 35,000 metric tons of rice during 1974, much of which went to the Caribbean area, including Cuba.

**Corn.** Production increased in 1974, but the estimated output of 450,000 tons was only 63 percent of the peak 1971 crop and about equal to production during the 1961-65 period. There was probably some increase in 1974 in the area planted to corn.

**Black beans.** Although production of this local staple food increased in 1974, the country remained in a deficit position. Thus, imports continued although there was some substitution for other types of beans and peas, and the amount of black beans entering the country was less than in the previous year.

**Sesame.** Production of this oilseed—the leading domestic source of edible vegetable oil—declined slightly in 1974. The dry weather of 1973 had an adverse effect on this crop, which is harvested early in the calendar year.

**Cotton.** Production continued to rise in 1974 and was 11 percent above the previous year's level. Most of the increase is attributable to a substantial increase in planted area.

**Sugar.** The 1974 output, a record for Venezuela, was the result of better weather and an increase in harvested acreage. But despite the increase, Venezuela was forced to import sugar during 1974 to replenish national stocks.

**Livestock products.** The livestock sector—including dairying and poultry—demonstrated substantial growth. Production of beef, pork, and milk probably reached record levels in 1974. Although there were some problems concerning availability and pricing of feed during 1974, output of poultry meat and eggs probably rose to new highs.

Venezuela's historical pattern of an excess of agricultural imports over exports continued in 1974. Farm imports, valued at about \$350 million in calendar 1973, rose in value to about \$584 million in 1974, while farm exports, valued at about \$93 million in 1973, increased to about \$116 million in 1974.

The United States is the leading supplier of agricultural commodities to Venezuela, providing more than half of all farm imports. Venezuela in recent years has ranked consistently as one of the top 15 overseas markets for U.S. agriculture.

In 1974, the U.S. shipped approximately \$300 million worth of farm products to Venezuela. Major items and their value were wheat, \$125 million; grain sorghum, \$60 million; cottonseed oil, \$25 million; soybean cake and meal, \$20 million; and soybeans, \$15 million.

Venezuela exported about \$35 million worth of agricultural products to the United States during 1974. Coffee accounted

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## Indian Farm Output Slips, Inflation Gains //

Indian agriculture continues to feel aftershocks from last summer's grossly inadequate monsoon, which has cut 1974-75 foodgrain output some 5-7 percent while adding fuel to runaway inflation. A bright spot, however, is still-expanding output of important cash crops such as tea and coffee, whose higher export earnings recently have offset some of the spiraling cost of India's oil imports.

India, like many other countries, has been especially hard hit by inflation—in part a byproduct of agricultural setbacks in this country where needs never cease to grow. With prices of many products controlled by the Government, India for years had known only modest inflation, as late as 1971 experiencing a mere 3 percent rise in the wholesale price index. In the last 3 years, however, prices for all commodities have leaped 58 percent; for all food articles, 70 percent; and for foodgrains, 90 percent.

As a result, the Government has had to limit spending for a number of programs, although the budget itself is caught in an inflationary spiral owing to such provisions as cost-of-living increases. And these budget cuts often have been in major social-welfare programs, including health care and family planning. The Government also has employed a variety of monetary and fiscal measures, including a painful credit squeeze on the private sector by the Central Bank, in attempting to control prices.

These efforts nonetheless have helped in recent months to brake the rate of price increases, and the wholesale price index actually showed a slight downward trend in the last 3 months of 1974.

In addition to suffering the effects of inflation, immediate economic prospects are clouded by:

- The country's failure in the past several years to stimulate farm production;
- A stagnation in industrial output; and
- The costs of petroleum, foodgrain, and fertilizer imports.

These problems, in turn, are reflected in overall economic results. Although the gross national product (GNP) in the 1974-75 Indian fiscal year is expected to rise 20 percent over the previous year's, it will actually fall some 2 percent in terms of 1969-70 prices. Agricultural production, still the backbone of India's economy with 70 percent of the total labor force, accounts for half the GNP.

Additionally, Government figures indicate per capita income in 1973-74 was approximately \$113—an increase of 33 percent from 1970-71. In real terms, however, per capita income in 1973-74 declined 3 percent from 1970-71. With the expected 2 percent decline in real GNP and a population growth rate of over 2 percent, real per capita income will fall further in 1974-75.

A lagging agriculture must take a large share of the blame for these economic woes. Total farm production during India's 1974-75 crop year (July-June) is expected to be 4-6 percent under the record production of 1973-74, with major shortfalls

occurring in the kharif (fall- and winter-harvested) crop. Last season, in contrast, farm output managed to inch slightly ahead of the previous peak set in 1970-71, as lower food output was more than offset by gains in other crops. But even that record was inadequate in view of India's burgeoning population, which grows by some 13 million people each year and will force a doubling of farm output in 30-35 years just to maintain consumption levels.

Estimates for 1974-75 indicate moderate-to-substantial declines in corn and sugarcane. However, harvests of wheat, most oilseeds other than peanuts, cotton, tea, and coffee are expected to be moderately above 1973-74 levels. For tea—now the second largest farm export behind sugar—this means a second straight record.

The decline in agricultural production reflects last summer's poor monsoon and its adverse effect on the kharif crops. Moisture received during the monsoon season (June-September) was less than average in much of the country, while some other areas suffered from flooding. Rainfall during the post-monsoon period also was far from satisfactory, particularly in the northern wheat belt and the important rice-producing States of Tamil Nadu, Kerala, and Orissa.

Fertilizer usage in some States during the last kharif season fell below expected levels because of the poor monsoon rain and the high cost of fertilizers. Many farmers, especially those with smaller units, held back on fertilizer use because they were afraid to risk losing their capital outlay in the face of the drought. This led to a temporary accumulation of stocks in some States, which meant larger availability for the rabi season. Total fertilizer usage during 1974-75 is likely to be about the preceding year's level of some 2.8 million tons of nitrogen, phosphate, and potash.

Shortages of electricity and diesel fuel to run the tubewells and pumpsets and reduced supplies of canal water for irrigation were other constraints on the 1974-75 kharif crop and continue to hamper prospects for maximum outturn of the rabi harvests this spring. Official sources, however, predict the target of 71 million acres in high-yielding varieties will be achieved for crop year 1974-75. Data on acreage in high-yielding varieties will not be available until April or May.

**Foodgrains.** India's total foodgrain production (wheat, rice, coarse grains, and pulses) during the last 3 years has failed to equal or surpass the record 108.4 million metric tons produced during 1970-71 and will fall well short of that level in 1974-75. Current estimates place this season's crop at 96-99 million tons, compared with 103.6 million in 1973-74, 97 million in 1972-73, and 105.2 million in 1971-72. These below-record results—at a time of increased inputs of high-yielding grain, irrigation, and fertilizer—point up India's continuing susceptibility to poor weather, particularly during the summer monsoon season.

Last summer's monsoon performance was substantially worse than the good monsoon of 1973 and not materially different from the poor one of 1972. In view of this, plus subsequent very dry conditions in the extreme south, the 1974-75 kharif crop probably reached only about 58-59 million tons, compared with 66.7 million in 1973-74 and 58.6 million in 1972-73.

This season's spring-harvested rabi crop is currently ex-

pected to fall in the range of 38-40 million tons, compared with 36.9 million in 1974, 38.4 million in 1973, and a record 42.2 million in 1972. Weather conditions during the next few weeks will be the crucial factor behind this crop, which so far has been impeded by below-normal rainfall in many producing States and shortages of diesel fuel, electricity, and canal water for irrigation. A further problem is the susceptibility to rust damage of some of the major high-yielding wheat varieties.

In view of the recent poor production results, India is in a precarious stock position and having to expand sharply its foodgrain imports. These imports are expected to total 6.9 million tons in calendar 1975, of which 3.75 million already had been purchased as of January 1, 1975. Actual imports will be determined by outcome of the rabi crop and performance of the summer monsoon and will also be influenced by India's capacity to handle accelerated imports—already it is making use of minor ports and importing new grain unloading equipment.

Imports of foodgrains in calendar 1974 totaled around 4.7 million tons, including: 1,594,000 tons of wheat under the Russian loan agreement; 1,867,000 of wheat and 209,000 of grain sorghum commercially from the United States; 181,000 of wheat and 422,000 of grain sorghum commercially from Argentina; 99,000 of commercial wheat and 138,000 of grant wheat from Canada; and 151,000 of commercial wheat and 20,000 of grant wheat from Australia.

**Fats and oils.** Production of all major Indian oilseed crops in 1974-75 is estimated at 11.8 million tons, about 2 percent smaller than the 12 million produced in 1973-74. Acreage this season is down about 3 percent, from 60.3 million acres in 1973-74 to about 58.6 million, mainly because of the weak monsoon last summer. Production estimates of all major oilseeds for 1974-75 (1973-74 figures in parentheses), in metric tons, are as follows: Peanuts (in shell), 5 million (5,798,400); flaxseed, 540,000 (470,700); sesame, 475,000 (486,400); rapeseed and mustardseed, 2 million (1,692,200); castorseed, 250,000 (235,200); copra, 886,000 (880,000); cottonseed, 2.4 million (2,276,000); and safflower, 225,000 (196,500).

On the export side, peanut shipments soared to over 100,000 tons to set a record more than three times the 29,827 tons shipped in 1973. Indian linseed exports, ending a trade lapse of nearly 2 decades, climbed to 30,000 tons from 20 in calendar 1973. But exports of castor oil and peanut meal were both off, reflecting reduced demand and falling prices.

With an estimated 800,000-ton (in-shell basis) reduction in peanut production, a deficit of over 200,000 tons in peanut oil supplies is seen for this season. Filling the deficit, however, will be complicated by stiff restrictions on imports, intended to save scarce foreign exchange. The Government did release about \$40 million for imports of about 50,000 tons of vegetable oil during October 1974-March 1975 (including 15,000 tons of palm oil and 15,000 of rapeseed oil), but this will be too small to bridge the wide supply gap. Hence, additional amounts will have to be purchased in coming months.

Reflecting the shortage—and resulting high prices for vegetable oil—the Indian Government on January 5 lifted its price control on vanaspati (hydrogenated vegetable oil commonly used in India), which is expected to bring expanded vanaspati production. The Government at the same time ordered that

manufacturers use a minimum of 30 percent cottonseed oil, a maximum of 25 percent peanut oil, and a maximum of 10 percent minor oils.

**Cotton.** Commercial production of cotton in 1974-75 is estimated at 5.8 million bales (480 lb net), the second largest on record, compared with 5.5 million in 1973-74 and a record 5.9 million in 1971-72. The Cotton Advisory Board last November estimated the crop at 5.5 million bales. The trade, however, believes that the crop will be larger as a result of good rains in late September and October. Acreage planted to cotton is estimated down about 2-3 percent from the final 1973-74 estimate of 18.8 million acres.

Mill consumption of cotton this season is forecast at 5.6 million bales, about 100,000 less than the 5.7 million estimated for 1973-74. Nonmill commercial consumption is put at around 300,000 bales. The drop in mill consumption resulted from reduced activity during August-November 1974, caused by heavy accumulation of cloth and yarn stocks by mills, power and credit curbs, and a drop in trade.

Indian cotton imports are expected to be around 165,000 bales in 1974-75, compared with 150,000 estimated for 1973-74. The Government has authorized imports of 115,000 bales so far this season for shipment through March 1975. Of this, about 35,000 bales are long staple and may be purchased in Egypt; however, no import has been made because of failure to agree on prices. Under the recent trade accord with Pakistan, India will import 200,000 bales of medium-staple cotton from that country.

Cotton prices started downward in late August 1974. Yarn sales now appear to be improving, and orders for retail cloth have picked up following price reductions in textiles during last October and November.

**Jute and mesta.** Combined production of jute and mesta during 1974-75 is tentatively estimated at 5 million bales (180 kg each) compared with the previous year's output of 7.6 million. The decrease is attributed to large-scale diversion from jute to paddy cultivation and extensive flood damage to the standing crop.

With the season's opening stocks of about 2.8 million bales and estimated imports of about 400,000 bales, total raw jute supply in 1974-75 is put at 8.2 million bales. On the distribution side, mill consumption of raw jute is expected to increase to 6.7 million bales in 1974-75 while nonmill rural consumption remains unchanged at 200,000 bales. Allowing for exports of some 200,000 bales in 1974-75, including roughly 50,000-100,000 bales of annual unrecorded exports to Nepal, carryover stocks at the end of 1974-75 will be approximately 1.1 million bales.

Reduced output of raw jute during 1974-75 pushed Calcutta prices for Assam Bottoms to an alltime high of Rs195.50 per quintal on September 20, 1974. The rising trend was, however, reversed in October 1974 as a result of reduced mill demand and lack of support from the Jute Corporation of India in the face of a credit squeeze.

About 250,000 workers in 62 jute mills in West Bengal have been on an indefinite strike since January 6, 1975, to press their demands for payment of larger bonuses, higher cost-of-living allowances, and other benefits. If continued over an extended period of time, the strike may cause a further depres-

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# Austria Formulating Plans To Cut Vegetable Oil And Meal Deficits //

By HANS G. STUCKMANN

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FOLLOWING experiences in the tight world vegetable oil and meal markets of the last few years—with their soaring prices and uncertainties over supply—Austria has begun to rethink its policy of relying on the United States and other exporters to meet domestic oil and meal needs. Included in this new strategy is emphasis on expanding domestic oilseed crops and on some still-experimental concepts like the VEPEX process for manufacturing protein feeds from forage.

However, with demand continuing to trend upward and feasibility of some of the aims in question, the new strategy is not expected to materially affect imports from the United States in the near future. In 1973, the United States supplied about 53,100 metric tons of oilseed meal and 3,200 of vegetable oil to the Austrian market, with almost uninterrupted year-to-year gains in oilseed meal trade.

Historically, Austria has generally relied heavily on the import market—rather than domestic production—to satisfy its needs for these products, although during World War II there was a brief push to expand oilseed area and output.

Before the War, Austrian farmers grew rapeseed on only 2,500-5,000 acres. Apart from this, the country's agriculture contributed virtually nothing to the national supply of vegetable oils, and the concept of feeding protein supplements to livestock, along scientific lines, did not yet exist.

But when Germany annexed Austria in 1938, the German Government exerted pressure on farmers to expand rapeseed output, with the result that area reached a maximum of around 41,000 acres in 1943. After the War, plantings never again reached the 1943 level.

And in recent history—following discontinuation of local oilseed crushing in 1963—the tendency has been to cut back rape plantings to the low prewar level. Thus, the country now is virtually

without an oilseed growing and processing enterprise of its own.

Paralleling these developments was a spectacular increase in requirements for protein concentrates as the Austrian livestock and poultry industries undertook to substitute modern feeding technology for antiquated practices. In 1972, when the world supply situation was still undisturbed, Austria imported approximately 270,000 metric tons of protein feeds, including some 207,000 tons of oilseed meals and 52,000 of fishmeal. About 39 percent of the oilseed imports came from the United States, while Peru supplied most of the fishmeal. A further growth of demand for these commodities was prognosticated at the time.

*"... the country now is virtually without an oilseed growing and processing enterprise of its own."*

But in late 1972 the international protein meal shortage, triggered by failure of the South American anchovy catch, emerged almost overnight.

At first, this turn of events caused little alarm in Austria. The belief was held in responsible quarters that for the duration of the fishmeal shortage it would simply be a matter of using more soybean meal to maintain adequate protein levels in feeds. However, when the United States in July 1973 placed severe restrictions on exports of soybeans and meal, the notion spread in Austria that foreign suppliers of agricultural staples might not always be able to meet delivery commitments. Since the country has a large structural deficit not only in oilseed meals but also in food oils—annual imports of such oils total about 100,000 tons or more than 95 percent of requirements—considerable thought was given

to developing national resources of feed proteins and vegetable oils.

From proposals advanced by the specialists, the following were singled out for closer scrutiny:

- Expansion of oilseed production, with emphasis on rapeseed and sunflowerseed;
- Manufacture of high-energy protein feeds from green forage plants by means of the so-called VEPEX process;
- Research on adaptability of soybeans to local conditions of soil and climate; and
- Breeding of high-protein corn and wheat-rye hybrids.

All these approaches are fraught with problems and, at best, are long term.

For instance, under existing legislation, Austrian farmers cannot be made to grow specific crops, no matter how important this may be from a national point of view. Thus, unless offered a handsome price incentive, growers will see no reason to change traditional cropping patterns and crop rotation practices in favor of oilseeds.

Even if such incentive could be provided, there still would be the problem of land availability. Austria has practically no land reserves that could be brought into production. Any truly significant expansion in oil crop plantings, therefore, would make inroads into plantings of other crops.

Further, if rapeseed is to be used as a source of feed protein and food oil, a low-erucic-acid variety will have to be bred; field experiments toward this end are currently in progress. Sunflower cultivation is possible, but a risky undertaking in this country, where weather conditions tend to be freakish during the growing season.

In spite of these adversities, agricultural economists feel that aiming for a major increase in domestic oilseed production, in the long-term perspective, is not a Utopian project. For one thing, they feel world prices of oilbearing materials will stay on the high side, making it easier for domestic growers to sell their crops at relatively high prices. For another, the need for additional land on which to grow oilseeds could be met at least partially through a switch from soft wheat, which is perennially in surplus, to rape and sunflowers.

It is doubtful, however, whether Austrian farmers will carry out the necessary changes unless they can be reasonably sure that this will work to their advantage. It will probably take some

kind of Government guarantee on producer prices and sales outlets to induce growers to plant oil crops on a larger scale.

Regarding soybean production, now nonexistent in Austria, tests run by Government experiment stations do not seem to have been yielding any convincing results. However, before abandoning the project altogether, Austrian researchers will await the outcome of soybean growing tests now underway in France and Yugoslavia.

Except for a few small oil mills, the country has had no processing facilities since a domestic subsidiary of an international company was shut down more than 10 years ago. The company's man-

*"Among the practicable approaches, the VEPEX (vegetable protein extract) process seems to stand the best chance of being put into operation."*

agement is not considering a resumption of crushing operations in Austria, although it has volunteered to process Austrian-grown oilseeds in Switzerland, where it plans to set up a seed crushing plant with an initial capacity of roughly 350,000 tons. Part of this capacity would be reserved for Austrian oilbearing materials, company officers have indicated.

Greater domestic production of oilseeds would increase supplies of protein feed concentrates and at the same time yield oils for human consumption. The latter aspect has less urgency, however, than the protein supply problem. Therefore, the Austrians are also looking into possibilities of producing vegetable proteins other than those contained in oilseed meals. Among the practicable approaches, the VEPEX (vegetable protein extract) process seems to stand the best chance of being put into operation.

The VEPEX process produces a high-grade protein feed, using grass and other forage plants in the green stage as the only raw material. In terms of protein yield—including amino acids per acre—VEPEX is said to outperform other crops, including soybeans. Refinement of manufacturing technology, resulting from years of joint researches by Hungarian and Scandinavian scientists, reportedly has cut costs sufficiently to

make VEPEX protein concentrate production less expensive than that of soybean meal.

In view of these facts, the Austrians are taking a serious interest in VEPEX. Swine feeding tests conducted by the Austrian Chamber of Agriculture have already shown that replacement of half the soybean meal component by VEPEX does not detract from the nutritional value and energy content of hog rations. Another series of experiments, in which soybean meal will be wholly replaced with VEPEX, is currently in progress.

An Austrian sugar factory, situated in the Tulln Basin (Danube Valley) with its rich soils and favorable climatic conditions, has taken the first steps toward realizing a domestic VEPEX manufacturing project. A survey conducted in the surrounding area has shown that local farmers are willing to cooperate, provided the return per acre from alfalfa sales equals or exceeds cash receipts from sales of grains.

The plant's envisaged daily processing capacity is given as 1,000 metric tons. This reduces the Tulln Basin activity to the dimensions of a pilot venture. Agricultural experts have indicated, however, that additional VEPEX manufacturing plants may be set up elsewhere if the Tulln trial project provides satisfactory answers to all open questions.

In particular, more data are needed on investment and operating costs. Also, the key promoters of Austrian VEPEX plans want some assurance that the domestic VEPEX manufacturing enterprise is shielded permanently from the impact of major fluctuations in world protein feed prices. What they seem to have in mind is a market order for VEPEX feeds, which offers protection from foreign competition through variable import levies and similar devices.

In short, while the Austrians are devoting much thought to the problem of developing national protein feed resources, it will take considerable time, effort, and money to translate relevant projects into action. Assuming a further growth of the country's hog and poultry industries, demand for protein concentrates will continue to increase—making it all the harder for Austria to effect a sizable cut in import requirements for oil meals and other protein feeds. Thus, a major U.S. market for protein concentrates would appear to be assured for years to come.

## Renewed Demand For Textiles Boosts Cotton Prices in India

Improved demand for cotton textiles in India caused prices to strengthen in December, following the downturn that prevailed in earlier months.

The rise in prices was attributed to a revival of demand for textiles and an improved offtake of cotton by mills. Prices of textiles dropped 20-30 percent in October and November, which helped mills to lower their inventories, but prices increased about 10 percent in December.

Despite higher prices of textiles, mills are busy and most are booked for deliveries into March-April. Export demand for textiles is strong, and, for the moment, this should help cotton prices remain firm.

As a result of the current depressed world textile offtake, however, the outlook is gloomy for sustained improvement.

Restrictions on stocks of cotton held by mills have been relaxed by the Indian Textile Commissioner. Depending on location, mills are now permitted to keep stocks for 3-4.5 months of average monthly consumption, instead of for 1.5-3 months.

A trade delegation led by the Indian Textile Commissioner visited Karachi in December to explore prospects of imports of Pakistan cotton under the new bilateral trade agreement. The delegation reported "extremely good prospects" for trade in cotton between India and Pakistan. The two delegations are to meet again to continue their talks, which will most likely center around price and transport.

Exports of Bengal desi cotton (short-staple native type), continue to be substantially below 1973 levels, with the quantity of cotton registered for export up to December totaling only 16,000 bales (480 lb net), compared with nearly 125,000 bales at the same time a year earlier. There is currently an official ceiling of 135,000 bales on 1974-75 exports of Bengal desi cotton. India does not export American-type longer staple cotton.

—Based on report from  
U.S. Agricultural Attaché  
New Delhi

# Mixed Prospects Seen for Upping U.S. Farm Exports to Brazil

**B**razil, awakening giant of Latin America, poses both potential and frustration for U.S. agricultural exporters hoping to gain a permanent foothold in this expanding market.

The potential lies in the huge demand for food and feed being generated by Brazil's rapid population and economic growth. The frustrations are in Brazil's protective policies toward domestic industries, including a fluctuating import tariff system with recent sharp duty increases on a number of farm imports; preferential trade arrangements with other members of the Latin American Free Trade Association (LAFTA); as

well as Brazil's strengthening competitive position in other U.S. farm markets.

In the domestic market, these difficulties hit especially hard at U.S. consumer-ready foods, despite the emerging Brazilian appetite for high-quality and convenience foods. In the export market, the problem is Brazil's growing competition with U.S. oilseeds and meals, corn, and other bulk items—being stressed as part of Brazil's drive to diversify its farm production and trade.

Brazil's massive size alone guarantees a large impact on Latin American agricultural trade. The country has

more land than the continental United States, accounting for half South America's land area and ranking as the world's fifth largest country. And its population, now totaling over 100 million, is mounting at the explosive rate of 2.8 percent a year, with growth hitting over 5 percent in the cities.

If this rate of urban growth continues, Brazil by 1980 will have two-thirds—or some 80 million—of its people in urban/suburban areas. About 33 million of these people will be in the two principal cities of São Paulo and Rio de Janeiro, which by the mid-1980's are expected to make up a huge market approaching in size the combined markets of New York and Los Angeles. And with rapid economic growth, rising incomes, more sophisticated tastes, and less domestic help, these city dwellers will be more and more interested in convenience and high-quality food products.

At the same time, a booming economy is moving Brazil toward developed-nation status, giving it both buying power and export strength. In a strong expansionary stage since 1968, the country has seen its gross domestic product (GDP) rise 9 percent or more in each of the last 7 years, peaking at 11.4 percent in 1973. Even in 1974—a recession year for most countries—the GDP climbed about 10 percent.

High prices for agricultural and other raw-material exports also greatly improved the country's balance of payments position in 1972 and 1973, following years of chronic deficit. (After a sharp gain in 1972, Brazil's exports climbed 42 percent in 1973 to \$6.8 billion.) However, in 1974 Brazil was again in the red by some \$4.7 billion as a result of skyrocketing costs of oil imports—a problem threatening both future import capacity and economic expansion.

In fact, mainly because of this deficit, the Government in December 1974 increased by 100 percent the duties on some 500 import items, including several products of importance to U.S. agricultural exporters. For example, this action raised from 37 percent ad valorem to a prohibitive 137 percent the tariffs on imports of fresh apples, pears and grapes, raisins, prunes, as

**Most of the data in this article is taken from a 1974 Brazilian food study, conducted cooperatively by the Foreign Agricultural Service and the National Association of State Departments of Agriculture.**

## A Profile of the Brazilian Market

Although its importance as a U.S. farm market lies mainly with bulk items, particularly wheat, Brazil offers some opportunities for increased sales of consumer-ready foods. A *Brazilian Food Study*, conducted cooperatively by the Foreign Agricultural Service and the National Association of State Departments of Agriculture and published in October 1974, reveals that:

- Consumer-ready products with the best potential in Brazil include raisins, prunes, dates, other dried fruit, walnuts, almonds, and other nuts. These promotable products are not produced in Brazil and generally have relatively low duties. (Although most were affected by Brazil's recent sharp increase in import duties.)

- Processed tomato products, canned and dried, enjoy a high demand from institutional users and are reportedly difficult to obtain in Brazil.

- Dietetic and health foods show good potential because of consumer attitudes. Since these are relatively new to Brazil, market experience is limited.

- Other products have opportunities in the off season or years of short supply, but are now restricted because of high duties. These include fresh pears and apples; fruits and vegetables, canned and packaged in glass; popcorn; Swiss cheese; Cheddar cheese; many types of specialty cheeses; cheese fondue mix; packaged soups; honey; many types of candies; specialty canned meats, including poultry (3-8 oz sizes); jams and jellies (must be sweet); cranberry products; most novelty foods; and many types of seasoning sauces.

- Some frozen foods may have opportunities, although there may be some problems with handling and distribution. Fish now accounts for about 70 percent of frozen food sales in Brazil, with frozen juice, semiprepared foods, and poultry making up most of the remainder.

- One way for a U.S. exporter to penetrate this market, with its numerous trade restrictions, is to deal with domestic processors who have similar but not competing products.

- Although Brazilians traditionally have enjoyed three heavy meals a day, there is some shift away from this, especially in urban areas. For instance, workers in factories that provide catered, subsidized lunches—a growing trend in Brazil—tend to use this as their main meal, eating snack-type foods or very light meals in the evening.

- The declining role of maids also is pushing Brazilians toward prepared and processed foods. Maids still are used extensively by 20-30 percent of Brazil's 25 million households, but soaring wage rates—they doubled in the last 5 years—are seen greatly reducing their future importance.

well as unshelled walnuts.

How long these tariffs will remain in effect is uncertain, although Brazil's trade deficit could eventually be corrected as a result of discovery in late 1974 of the off-shore Campos oil field. This alone has more than doubled previous known oil reserves and should eventually enable Brazil to reduce its huge foreign exchange outlay for petroleum imports.

These restrictions, of course, will dampen the strong advance of recent years in U.S. agricultural sales to Brazil, which has traditionally turned to the United States in times of short crops at home and in its major supplier, Argentina.

Largely as a result of such conditions—and aided by extremely high world prices—U.S. agricultural exports to Brazil quadrupled between 1972 and 1973 to reach \$271.2 million. Sales then slipped some in 1974, to \$240 million, as demand slackened and restrictions mounted for such products as U.S. peas and beans, apples, and other items. Still, Brazil last year was out-ranked by only two other Latin American countries—Mexico and Venezuela—in its takings of U.S. farm products.

Sales have been pushed up primarily by huge gains in U.S. wheat exports to Brazil. These rose 487 percent between 1972 and 1973 to \$214 million—79 percent of total U.S. farm sales there. These then fell sharply in volume during 1974—down to 900,000 tons from 1.5 million the year before—but high prices maintained value at around \$169 million.

Big gains were also seen in 1973 sales of U.S. beans, peas, and lentils as a result of a reduced Brazilian harvest; a consequent drop in the ad valorem duty on beans from 55 percent to zero; and a request for f.o.b. quotations on beans, peas, and lentils. Sales of these products soared to \$8.8 million in 1973 from \$1.3 million the year before, only to decline even more abruptly in 1974—to less than \$1.3 million—when the shortage was relieved and import duties returned to normal.

A similar trade opportunity developed in 1973 for U.S. apples and pears, whose sales are normally limited by high import duties and a ready supply in LAFTA partner, Argentina. In 1973, however, Argentine output fell sharply, promptly a drop in Brazil's ad valorem duty and an immediate jump in U.S. apple sales to \$1.9 million

*Left, a field of Brazilian soybeans, an increasingly important export crop. Below, picking tomatoes; bottom, loading farm products at river port of Parnaguá.*





*After leaf analysis, an agronomist discusses with a São Paulo farmer the fertilizer needs of his soil. Increased use of fertilizer—together with greater inputs of improved seed and irrigation and better land use—could lead to major increases in Brazilian farm output.*

from a mere \$50,000 in 1972 and a doubling of pear shipments to \$2.1 million. U.S. pear sales gained further in 1974 to almost \$2.7 million, but apples were back down to only about \$232,000.

Yet in certain instances, rapid economic growth and expanding domestic industries are generating more long-term demand for U.S. farm products. For instance, accelerating demand from the domestic leather-manufacturing industry has at least temporarily switched Brazil from exporter to importer of hides and skins. In response, sales of U.S. hides and skins to Brazil have soared from under \$100,000 in 1972 to some \$2 million and \$2.3 million, respectively, in the past 2 years.

And there have been gains in U.S. sales of raisins, to over \$1.2 million in 1974 from \$866,000 and \$451,000 in the 2 previous years; walnuts and certain other consumer items. Most such products benefit from an enlarging demand in concert with the lack of adequate local production—and thus offer the brightest prospects for future U.S. food sales in Brazil. However, even these sales will be curbed as long as Brazil's recently enacted trade restrictions remain in effect.

Among the outlets for U.S. foods in

Brazil are the import sections of supermarkets. In addition to the more exotic imports, these sections often feature normally commonplace U.S. products such as green peas, canned sweet corn, and canned grapefruit—reflecting their high quality. Such U.S. products are very popular with Brazilian consumers who can afford them, but again demand is stifled by the high prices that result from stiff import duties. For instance, a duty of 185 percent ad valorem makes imported U.S. asparagus six times the price of domestic processed asparagus. Most other imported foods are normally subject to duties ranging from 45 to 85 percent ad valorem—which help make them 2-10 times as expensive as domestic products.

That these products can be sold at all reflects the good reputation the United States has in Brazil for high quality, consistent standards, and stiff health requirements. Because of a lack of such characteristics, most domestic processed foods will not sell unless packed in glass or plastic, so consumers can see what they are buying. The consumers also are very brand and label conscious.

Another—and increasingly important—outlet for high-quality food products is the hotel and restaurant trade, espe-

cially that part catering to tourists. Brazil's tourist trade reaches its peak importance in the cities of Rio de Janeiro and Salvador where about half the hotels and restaurants cater to this group. In Rio de Janeiro alone, tourist traffic in 1974 is estimated at 800,000 people, up 60 percent from the 500,000 of 1973. And Salvador is a rapidly developing tourist center, currently having about 5 percent as much tourist traffic as Rio de Janeiro and expecting 10 percent in the near future. This is evident in construction now underway in and around Salvador of some 30 new hotels with about 3,000 rooms and in the July 1974 opening of international facilities at the Salvador airport.

Most of the better restaurants and hotels catering to these tourists use some imported foods. Their major purchases from the United States include cocktail onions, raisins, canned vegetables, and mixed nuts.

Even while its agricultural imports have risen, Brazil has made substantial gains in its farm production and exports. Despite continual uncertainties over the weather, agricultural output in Brazil expanded between 1969 and 1973 at an annual rate of 6 percent, which then accelerated to nearly 9 percent in 1974.

Much of this growth has been in non-traditional crops, particularly grains and soybeans, reflecting Brazilian efforts to diversify away from lopsided dependence on coffee, sugar, and cocoa. As a result, rice and corn in 1973 led in total production value, followed by sugarcane, coffee, beans, manioc, and cottonseed. These changes have included emphasis on such important export items as soybeans, beef, and citrus products, with shipments aided by Brazil's Export Corridors Program. The program stresses improved internal transport and storage and better production technology aimed at bringing a 3½-fold increase in Brazilian farm exports by 1976.

Such efforts already have helped make Brazil a formidable U.S. competitor in world soybean and corn markets, with soybeans now vying with sugar for the No. 1 export position and corn exports leaping from only about \$3 million in 1973 to \$80 million in 1974. The country also is stressing output of wheat—which rose some 58 percent between 1973 and 1974—with hopes of reducing its deficit and thus its imports from the United States and other suppliers.

Also highly important to Brazil is the

*Continued on page 15*

# Broilers Seen Overtaking Egg Layers In Feed Use

By JOHN HOBBS  
Foreign Commodity Analysis,  
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**E**GG PRODUCTION, although still the most important feed-consuming segment of the world poultry industry, in the late 1960's and early 1970's was fast being overtaken by the rapidly expanding broiler industry.

As a result of increasing production, grain consumption by the poultry industry in 26 countries, calculated in terms of corn equivalents, rose by roughly 22 percent between 1966-69 and 1973, while protein meal consumption, calculated in terms of soybean meal, increased by about 25 percent.

To arrive at these estimates, uniform estimates of consumption requirements by each poultry class were applied to reported output of poultry products in 26 countries, selected on the basis of data availability. The countries are grouped into six major areas.

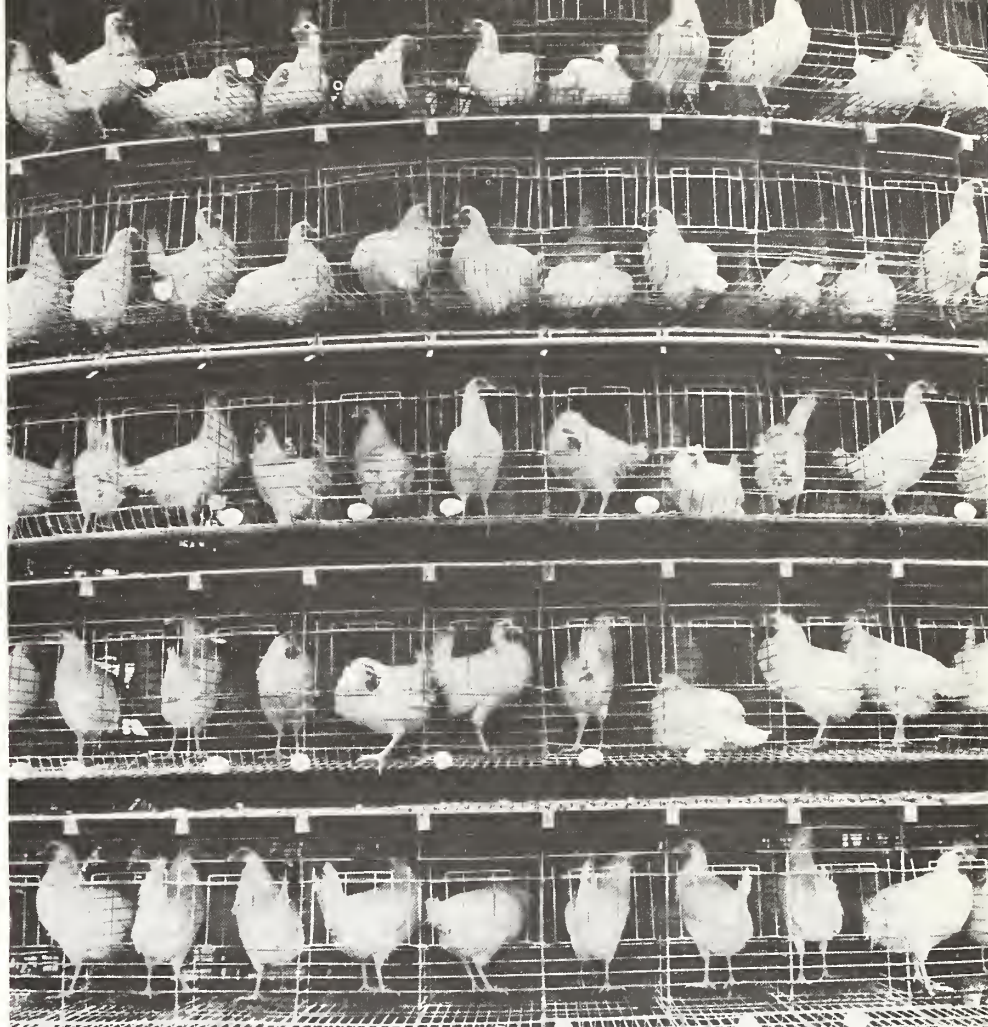
Analysis of the changes in reported output and estimated feed consumption shows considerable diversity among the various sectors of the industry as well as among geographic areas.

Egg production, the dominant user of poultry feed throughout the period studied, increased at a much slower rate than did poultry meat, by about 10 percent between 1966-69 and 1973.

In the same period, broiler and turkey production each increased by about 40 percent, although the quantity of turkey meat is still relatively small. Output of ducks and geese remained insignificant.

In 1973, total world poultry meat production reached a record level, while egg output fell 1 percent from its 1972 record.

Broiler production accounted for the largest increase in the volumes of both corn and soybean meal equivalents consumed between the 1966-69 base period and 1973—an estimated 5.2 million



Multidecked cages rotate in Japanese chicken house. In Japan, egg production accounts for 75 percent of total corn consumption by poultry.

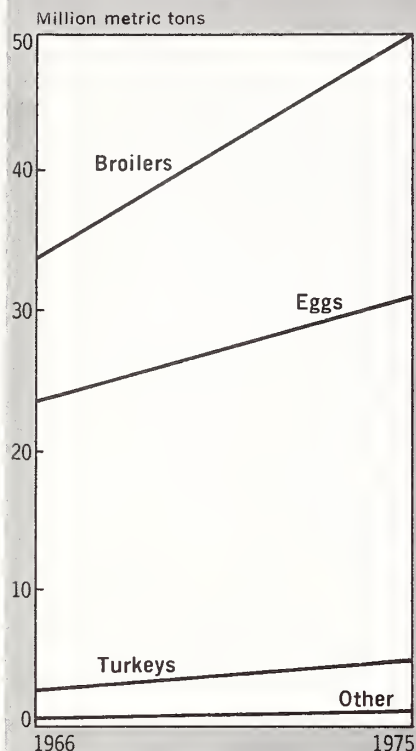
CORN: TOTAL CONSUMPTION BY POULTRY IN SPECIFIED AREAS, 1973;  
GROWTH 1966-69 AVERAGE TO 1973, DISTRIBUTED BY POULTRY PRODUCT

Area	Quantity Million M.T.					Percent of total			
	Eggs	Broiler meat	Turkey meat	Other	Total	Eggs	Broiler meat	Turkey meat	Other
Total increment:									
United States . . .	(−0.16)	1.26	0.31	( <sup>1</sup> )	1.42	—	80.4	19.5	0.1
Latin America . . .	.54	1.11	( <sup>1</sup> )	(−.02)	1.64	32.7	66.9	.4	—
European									
Community . . .	.54	1.22	.63	.15	2.54	21.4	48.0	24.9	5.7
Mediterranean . .	.11	.30	.05	( <sup>1</sup> )	.46	22.7	65.6	11.7	—
Japan . . . . .	.84	.81	—	—	1.65	50.7	49.3	—	—
Other developed									
countries . . . .	(−.02)	.46	.05	( <sup>1</sup> )	.47	( <sup>1</sup> )	90.2	9.0	.8
Total . . . . .	2.23	5.17	1.05	.13	8.57	26.0	60.3	12.2	1.5
Total consumption:									
United States . . .	7.78	7.72	2.37	.07	17.93	43.4	43.0	13.2	0.4
Latin America . . .	2.72	1.88	.01	.01	4.62	58.9	40.9	.1	.1
European									
Community . . .	7.47	4.66	1.00	.71	13.83	54.0	33.7	7.2	5.1
Mediterranean . .	1.58	1.23	.08	( <sup>1</sup> )	2.89	54.7	42.5	2.7	.1
Japan . . . . .	3.63	1.23	—	—	4.86	74.6	25.4	—	—
Other developed									
countries . . . .	1.33	1.34	.31	.02	2.99	44.5	44.6	10.2	.7
Total . . . . .	24.90	18.05	3.76	.81	47.51	52.6	37.9	7.9	1.6

<sup>1</sup> Negligible.

Note: Totals may not add, due to rounding.

**CORN OR EQUIVALENT:  
CONSUMPTION BY POULTRY  
IN 26 SELECTED COUNTRIES,  
1966-75**



**POPULATION OF 26 SPECIFIED  
COUNTRIES WITH SUBTOTALS BY  
AREA, 1973  
[In thousands]**

Area and country	Population
United States	210,640
Latin America	
Argentina	25,190
Brazil	103,000
Mexico	55,910
Peru	14,920
Venezuela	11,880
Total	210,900
European Community	
Belgium & Luxembourg	10,100
Denmark	5,120
France	52,170
Ireland	3,040
Italy	54,730
Netherlands	13,490
United Kingdom	55,990
West Germany	61,950
Total	256,590
Mediterranean	
Greece	9,030
Israel	3,240
Lebanon	3,230
Spain	34,857
Yugoslavia	20,960
Total	71,317
Japan	108,140
Other developed countries	
Australia	13,160
Austria	7,530
Canada	22,130
South Africa	23,434
Switzerland	6,490
Total	72,744
Grand total	930,331

metric tons of corn and 1.9 million tons of soybean meal. Estimated consumption requirements of turkeys expanded by 1.1 million tons of corn and 500,000 tons of soybean meal.

Although egg production increased less in percentage terms than broiler and turkey production, the additional quantity of corn and soybean meal equivalents consumed for eggs was still substantial, respectively 2.2 million tons and 600,000 tons, because the egg industry was already very large in the base period.

In the six world areas studied, the total increase in corn consumption by poultry was 8.6 million tons for corn (up 22 percent), and 3 million tons for soybean meal (up by 25 percent). Of these total increments, broiler production accounted for over 60 percent of the additional consumption of both corn and soybean meal.

Eggs accounted for about 26 percent and 20 percent, respectively. Turkey production, although relatively small in total, accounted for a significant portion of the increments—13 percent for corn and 16 percent for soybean meal.

Each area was unique with respect to the size of increased poultry feed requirements as well as its distribution among poultry classes.

The smallest percentage increase growth was registered in the United States because of the advanced development of the poultry industry during the base period.

The largest percentage increase occurred in Japan and in selected Latin American countries. Turkeys are gaining prominence as feed consumers in some areas.

In all instances, the percentage increase in soybean meal was greater than in corn because of the proportionately larger increase in poultry meat production, which requires a relatively higher protein input than does egg production.

The European Community (EC) accounted for about 30 percent of the increment during the study period in corn consumption by poultry (up by 2.5 million tons), followed by Japan and Latin America (each up by more than 1.6 million tons). The United States ranked fourth, increasing its corn consumption by 1.4 million tons between the two periods.

The increment for the Mediterranean area and for other selected developed countries was much smaller. The various areas shared in increased soybean meal

**SOYBEAN MEAL: TOTAL CONSUMPTION BY POULTRY IN SPECIFIED AREAS,  
1973: GROWTH 1966-69 AVG. TO 1973, DISTRIBUTED BY POULTRY PRODUCT**

Area	Quantity Million M.T.					Percent of Total			
	Eggs	Broiler meat	Turkey meat	Other	Total	Eggs	Broiler meat	Turkey meat	Other
Total increment:									
United States	(-.04)	0.47	0.20	( <sup>1</sup> )	.60	—	77.1	22.7	0.2
Latin America	.15	.41	( <sup>1</sup> )	(-.01)	.56	26.5	72.8	.7	—
European									
Community	.15	.45	.29	.06	.94	15.9	47.3	30.2	6.6
Mediterranean	.03	.11	.02	( <sup>1</sup> )	.17	16.9	66.8	14.5	1.8
Japan	.23	.30	—	—	.53	43.4	56.6	—	—
Other developed countries	( <sup>1</sup> )	.17	.02	( <sup>1</sup> )	.19	—	88.9	10.5	.6
Total	.61	1.90	.47	.06	3.03	20.1	62.6	15.4	1.9
Total consumption:									
United States	2.13	2.84	1.06	.03	6.05	35.2	46.9	17.5	0.4
Latin America	.74	.69	( <sup>1</sup> )	( <sup>1</sup> )	1.44	51.6	47.8	.3	.3
European									
Community	2.04	1.71	.45	.31	4.51	45.4	37.9	9.8	6.9
Mediterranean	.43	.45	.04	( <sup>1</sup> )	.92	46.9	48.9	3.8	.4
Japan	.99	.45	—	—	1.44	68.6	31.4	—	—
Other developed countries	.36	.49	.14	( <sup>1</sup> )	1.00	36.4	49.1	13.6	.9
Total	6.81	6.63	1.68	.36	15.36	44.0	42.0	10.8	2.3

<sup>1</sup> Negligible. Note: Totals may not add, due to rounding.

consumption in roughly the same proportions.

In the United States, over 80 percent of the increment in grain consumption was for broiler production and almost 20 percent for turkey production. Feed requirements for U.S. egg production actually declined in 1973. In contrast, Japan's egg and broiler production contributed about equally to increased grain requirements, although broilers weighed more heavily in additional consumption of protein meal.

In the EC, where the largest increase in total poultry feed requirements occurred, each product registered a substantial increase. Broiler production required 48 percent of the feed consumption increment in the EC; turkeys, 25 percent; eggs, 21 percent; and other products, 6 percent.

Of the total increase in corn consumption by poultry (8.6 million tons), increased U.S. and EC broiler production stand out as the most important contributing factors.

Broiler production in these areas increased consumption by more than 1.2 million tons. Latin America was not far behind, however; consumption by the broiler industry in that area rose by about 1.1 million tons.

The increase in corn consumption for egg production was about equal in the EC and Latin America—about 500,000 tons in each area. If consumption by turkeys were set aside, increased corn consumption in the five Latin American countries is roughly equal to that of the EC and greatly ahead of that of the United States.

Within the EC, increased consumption resulting from turkey production was notably large in Italy (about 33 percent of the increment), in France (about 31 percent), and in the United Kingdom (23 percent).

In Belgium, the increase was restricted primarily to the egg sector. In West Germany, the increase for egg production was larger than for other sectors.

In Yugoslavia, egg and broiler production shared about equally in increased poultry feed consumption. In Australia, the increase in consumption for egg production approached that for broiler output.

Total 1973 poultry feed consumption in the 26-country area is estimated at 48 million tons of corn equivalents and more than 15 million tons of soybean meal equivalents.

Despite growth in other sectors, egg production remained the most important feed-consuming sector within the poultry industry, particularly with respect to grains.

Egg production in the study area accounted for about 53 percent of total corn consumption by poultry compared with 38 percent in the case of broilers. Consumption of soybean meal by the broiler industry was relatively higher. Consumption by turkeys was a small portion of total corn and soybean meal consumption, but still significant.

The largest consuming area was the United States, accounting for about 38 percent of the total, followed by the EC with 29 percent. The shares of Japan and the five Latin American countries were about equal at 10 percent each.

In all but two areas—the United States and other selected developed

countries—egg output accounted for more than half of total corn consumption by poultry. In Japan, egg production accounted for three-fourths of the total.

By contrast, broiler production surpassed egg production as an outlet for soybean meal in three of the six areas. In Japan, however, soybean meal consumed by broilers was less than half of consumption by the egg flock.

Analysis of 1966-73 data indicates that total corn consumption by poultry has been increasing by roughly 1.64 million tons a year, and soybean meal by 570,000 tons.

However, extension of the trends should be regarded with caution, as poultry production in the next few years could well fall below the trendline in reaction to changing economic circumstances.

## New Zealand's Cattle Herds Up, Meat Exports Down

*Continued from page 4*

panding poultry industry. However, swine slaughter weights continue to creep up as the demand for heavier pork increases. Considerable amounts of Australian and Canadian pork probably will be imported in 1975.

Several changes in Government livestock policies and programs have recently been put into effect. The Government has continued the sheep stabilization scheme in which sheep farmers deposit voluntarily a portion of their earnings in a Government fund. The no-interest funds are not taxable until the year of withdrawal. Deposits totaled NZ\$91 million in 1973, but there were no deposits in 1974 and about \$56 million had been withdrawn by mid-1974.

The consumer subsidy on sheepmeat was abandoned in 1974 with the decline in dressed prices for all classes of sheepmeat.

An attempt by the Ministry of Agriculture and Fisheries to persuade the New Zealand Meat Producers Board to pay a dairy calf retention subsidy met defeat at the hands of the New Zealand Meat Board. The Board instead moved ahead with its guaranteed schedule of dressed beef prices to take effect in the 1975-76 killing season.

The Government put into effect a fertilizer subsidy plan that stabilizes prices at the 1973 level of about NZ\$26 per ton, compared with the 1974 price of about \$44 per ton. Cost of this subsidy to the Government is estimated at more

than \$42 million annually.

Apparently satisfied with improvements in sanitary facilities of export meat plants, the Ministry of Agriculture and Fisheries is now engaged in a campaign to bring many meat plants and abattoirs not engaged in export trade up to the levels of EC requirements.

The move is causing less controversy than the earlier request for meeting "unreasonable" U.S. standards. Currently, the general level of standards is vastly improved over that of 3 years ago. Even so, most New Zealand meat plants are old and inefficient when compared with U.S. plants.

There appears to be no change in the blue-tongue problem, and Canadian semen continues to have relatively free access to the New Zealand market. However, New Zealand continues to prohibit imports of U.S. semen.

## Exports to Brazil

*Continued from page 12*

production of processed foods, which according to estimates of the U.S. Department of Commerce grew by 20 percent in 1970; 14 percent in 1971, 21 percent in 1972, and 8 percent in 1973. In a survey of demand for food processing equipment in Brazil, the Department estimated this industry alone represents a market for \$74 million worth of food processing and packaging equipment and has a total production valued at around \$4.6 billion.

## Indian Farm Output Slips

Continued from page 7

sion in raw-jute prices and adversely affect production and exports of jute manufacture.

**Sugar.** Prospects for the 1974-75 sugarcane crop went from good to bad, as an initial boost in plantings was cut by poor monsoon weather. According to usually well-informed industry sources, total area under sugarcane during 1974-75 ended up about the same as in 1973-74—6.7 million acres—while the poor performance of the monsoon, plus the overall shortage of fertilizer and hydroelectric power needed to run irrigation facilities, hampered crop growth. Current indications are that the 1974-75 cane harvest will be significantly smaller than the 137.8 million tons of 1973-74.

Higher prices have enabled mills to obtain adequate cane supplies for crushing and to check diversion of cane production of gur and khandsari (coarse sugars used domestically). As a result, sugar production by mills in the first 2 months of the current season (October-September 1974-75) jumped to an estimated 408,000 tons from 322,000 in the same period of 1973-74. Total mill sugar production during all of 1974-75 is expected to approximate the previous season's output of 3.96 million tons.

To capitalize on strong foreign demand and high world prices for sugar, the Indian Government will attempt to maintain sugar exports during calendar 1975 at the previous year's level of about 500,000 tons. The State Trading Corporation, the agency responsible for sugar exports, has so far entered into commitments for the export of 300,000-350,000 tons of sugar during 1975 to various destinations other than the United States. These include about 200,000 tons to Iran under a contract for 500,000 tons over a 2½-year period beginning this season.

Indian officials are also eager to maintain exports to the United States in 1975 at about the levels of recent years—80 million tons—or possibly increase them. They prefer, however, to export sugar in white crystalline form, rather than as raw sugar, because of the resulting price advantage. India's export earnings from sugar in calendar 1974 are estimated at about \$312 million, against \$56 million in 1973.

**Tobacco.** Indian tobacco production got off to a poor start in 1974-75, as a

result of the inadequate summer monsoon and low levels of soil moisture. But it improved considerably following good late-September and October rains, particularly in the important Virginia flue-cured region of Andhra Pradesh. Based on current conditions, output of all types of tobacco in 1974-75 may total between 400,000 and 420,000 tons, including 110,000-130,000 tons of Virginia flue-cured. It will, however, be below the alltime high of 441,000 tons reached in 1973-74.

Indian exports of leaf tobacco in calendar 1974 probably only equaled the 1973 volume of 83,079 tons but were about one-third above the 1973 earnings of \$82 million. Shipments to the United Kingdom, the largest customer, rose by 19 percent during 1974, but sales to the USSR and Bangladesh were off an estimated 17 and 50 percent.

Exports of cigarettes to the USSR were also down, reducing India's total shipments of cigarettes and other tobacco products below the \$2.9 million reported for 1973.

**Tea.** The 1974 tea crop climbed to an alltime high of 480,000 tons from the previous record of 470,000 tons reached last season. Tea exports, benefiting from high world prices, amounted to an estimated 200,000 tons valued at \$238 million in 1974, compared with 188,000 tons at \$190 million in 1973—an increase of 6 percent in quantity and 33 percent in value.

Contributing to the export gain were production shortfalls by other tea producers and a resulting spurt in foreign demand and prices for Indian teas. With a view to maintaining these higher earnings, India is working with other major tea exporters to establish export floor prices.

**Coffee.** The coffee crop this season (October-September 1974-75) is estimated at 100,500 tons, compared with 92,100 received by the Coffee Pool during 1973-74. The supply in the Pool this season, including carryover stocks from 1973-74, is estimated up marginally to 137,000 tons from 135,000 in 1973-74. Acreage figures for coffee are not yet available, but area planted has been in a long-term uptrend. Per-acre yield is also rising, owing to various development schemes, including intensive cultivation and replanting and modernization of plantations.

Indian coffee exports have increased since withdrawal of the export quota system by the International Coffee Or-

ganization. Shipments during 1974-75 are forecast at 55,000 tons, or about the same as in the past 2 seasons.

**Cashews.** Since takeover of raw cashew imports by the Government-operated Cashew Corporation of India a few years back, the cashew industry has passed through many uncertainties. The supply of raw nuts—much of it imported from African nations—to processing factories has been inconsistent, with a large number of factories forced to halt operations periodically for lack of supplies.

Domestic production of raw nuts last season (October-September 1973-74) is estimated at 105,000 tons, while imports during calendar 1974 were around 170,000 tons. This put total supply of raw nuts at 291,000 tons, or slightly above the 282,100 tons for 1973.

The 1974-75 production outlook is very uncertain since the Indian crop is at only the flowering stage. African shippers are demanding much higher prices for their 1974-75 crops, and cashew factory workers have called for a 100 percent wage increase this year.

Indian cashew exports during calendar 1974 are estimated at 55,000 tons of kernels (about 30,000 to the USSR and 11,000 to the United States) compared with 57,000 in 1973.

—Based on report from

IVAN E. JOHNSON,

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## Ford Foundation Issues Economic Study Grants

The Ford Foundation has issued the first of a series of grants for research aimed at improving understanding of world economic relations.

The grants will support studies by economists on such subjects as future world food supply and demand and the effect of tariff cuts on employment.

The first grants include studies of:

Food reserves projections for 12 areas (University of Illinois); world trade restrictions (University of Wisconsin); effect of world trade on income distribution (Massachusetts Institute of Technology); commodities in world trade (University of Minnesota); exports by developing countries (University of Texas); increasing international financial interdependence (Princeton University); monetary policies of Andean countries (Pontifical Catholic University of Chile).

# CROPS AND MARKETS

## GRAINS, FEEDS, PULSES, AND SEEDS

### Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Feb. 25	Change from previous week	A year ago
	Dol. per bu.	Cents per bu.	Dol. per bu.
Wheat:			
Canadian No. 1 CWRS-13.5.	5.27	-28	6.54
USSR SKS-14 .....	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
Australian FAQ <sup>2</sup> .....	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
U.S. No. 2 Dark Northern Spring:			
14 percent .....	5.14	-24	6.56
15 percent .....	5.34	-25	( <sup>1</sup> )
U.S. No. 2 Hard Winter:			
13.5 percent .....	4.76	-26	6.58
No. 3 Hard Amber Durum ..	7.13	+5	8.85
Argentine .....	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
U.S. No. 2 Soft Red Winter.	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
Feedgrains:			
U.S. No. 3 Yellow corn ....	3.32	-16	3.81
Argentine Plate corn .....	3.73	-23	4.01
U.S. No. 2 sorghum .....	3.27	-1	3.55
Argentine-Granifero sorghum .....	3.28	-7	3.51
U.S. No. 3 Feed barley ...	3.38	-29	3.17
Soybeans:			
U.S. No. 2 Yellow .....	6.02	-47	7.46
EC import levies:			
Wheat .....	.93	+30	0
Corn .....	.82	+29	0
Sorghum .....	.84	+8	0

<sup>1</sup> Not quoted. <sup>2</sup> Basis c.i.f. Tilbury, England.  
NOTE: Price basis 30- to 60-day delivery.

### Argentine Wheat Crop Estimate Increased

Argentina's wheat production for 1974-75 is now officially placed at 5.1 million metric tons. Although this second release is 6.3 percent above the previous estimate, 1974-75 output is still forecast at 22 percent below the 1973-74 crop.

### Moroccan Grain Crops To Decline Sharply

Morocco expects a sharply reduced 1975 summer grain harvest (wheat, Durum, and barley), perhaps the worst in 30 years, as a result of the severe fall and winter drought that continued until mid-January. Following a 3-week dry spell, the rains began again in February, but it is generally believed that the crop will be more than 30 percent the normal size. Imports of wheat and barley in the coming July-June year could be over 2 million metric tons, compared with estimated imports of 1.1 million metric tons for the current year.

### Japan To Curb Gains In Feedgrain Use

The Japanese Ministry of Agriculture has released that country's new 10-year outlook, a brief outline of which appeared in a Tokyo daily newspaper on January 26. One major shift in policy is quite significant—the Japanese Government will attempt to hold down the rate of increase in pork and poultry production, and thus feedgrain imports. Nonfed beef production is expected to increase sharply.

#### JAPAN: FOOD SUPPLY, 1972-73 AND 1985-86

Item	Unit	1972-73 (Apr-Mar)	1985-86 (Apr-Mar)
Crops:			
Rice consumption, per capita, milled basis.	Kilograms .....	90	81
Rice production, brown basis .....	1,000 metric tons	11,897	12,110
Wheat and barley area.	1,000 hectares .	235	434
Wheat production ....	1,000 metric tons	284	553
Wheat imports .....	1,000 metric tons	5,269	5,900
Soybean area .....	1,000 hectares .	89	202
Feedgrain imports (excluding barley) ..	1,000 metric tons	10,273	17,730
Sugarbeet area .....	1,000 hectares .	58	77
Livestock products:			
Meat consumption, per capita (excluding whale meat) .....	Kilograms .....	14.2	18.2
Beef consumption, per capita .....	Kilograms .....	2.4	3.6
Beef production .....	1,000 metric tons	290	508
Pork consumption, per capita .....	Kilograms .....	5.6	7.5
Pork production ...	1,000 metric tons	793	1,325
Chicken consumption, per capita .....	Kilograms .....	4.5	5.7
Chicken production ..	1,000 metric tons	640	914
Egg consumption, per capita .....	Kilograms .....	14.6	15.0
Egg production .....	1,000 metric tons	1,810	2,205

### Romania's Winter Wheat Prospects Favorable

The outlook for winter wheat as of late January in Romania ranged from good to very good depending on the region. Prospects in the western part of the country are less favorable than in the east because of heavy autumn rains during the optimum seeding period. Although the autumn rains were late throughout the entire country, conditions in the late fall and early winter were almost perfect. Current plans call for planting corn in areas where winter wheat may become damaged.

### USSR Winter Grains Withstand Cold

As of February 10, winter grain crops in the USSR generally were in good condition, having passed the most severe test of the winter. The coldest weather of this winter was

recorded during the first 10 days of February in the principal winter grain areas of the Ukraine, North Caucasus, Lower Volga, and Moldavia. New snow was reported throughout most of these areas before the arrival of the cold weather. Most winter grain areas were under snow cover and in no danger from the cold.

## OILSEEDS AND PRODUCTS

### Major Producers Report Smaller 1974 Olive Crops

Production of olives in 1974, an offyear, was down in Spain and Tunisia, the world's leading producer-exporters of olive oil, and Italy, the leading producer-importer. The smaller crops should reduce the combined oil output of these countries by 240,000 tons. As a result, exports from the Mediterranean Basin plus Argentina are expected to decline over 10 percent, from about 109,000 tons in 1973-74 to 97,000 tons in 1974-75. total agricultural production during 1975 seems likely.

## LIVESTOCK AND PRODUCTS

### U.S. Livestock and Product Imports Decline in 1974

The total value of U.S. livestock and livestock product imports during calendar 1974 was \$1,841.1 million, 19 percent below the value in calendar 1973. Both volume and unit value declined, but particularly volume.

Import values of beef and veal, pork, live cattle, wool, and hides and skins declined significantly. Each of these categories declined in volume and in unit value with the exceptions of volume for hides and skins and unit value for live cattle and wool. Beef and veal imports for 1974 declined in value to \$897 million from \$1,174 million in calendar 1973, and in quantity to 1.2 billion pounds from 1.5 billion pounds. Total import values were higher in calendar 1974 for casings of animal origin, miscellaneous animal byproducts, fur skins, live hogs, and horses.

U.S. imports of livestock and livestock products during December followed the trend of the last few months with declines in value for all major import items. Total value of December imports was \$133.9 million, 41 percent below the 1973 level.

## FRUIT, NUTS, AND VEGETABLES

### Japan To Import Florida Citrus

On February 6 Japan announced the resumption of imports of Florida grapefruit, which have been suspended since discovery of live Caribbean fruit fly larvae in a shipment of fruit last June.

According to the announcement, Florida citrus may be shipped to Japan beginning February 10 if the fruit is fumigated under procedures worked out with the Japanese Ministry of Agriculture and Forestry. When the larvae were discovered, Japan requested that the Animal and Plant

Health Inspection Service of the U.S. Department of Agriculture suspend issuance of phytosanitary certificates on Florida grapefruit. This action halted shipments until a treatment and handling procedure satisfactory to Japan could be developed.

Since Japan liberalized grapefruit imports in 1971, U.S. sales of grapefruit to Japan, largely from Florida, had risen to more than 8 million cartons, valued at \$32.8 million in 1973-74.

### Greece Raises Price For Processing Tomatoes

Greece has established the minimum price that canners must pay farmers for the 1975 processing tomato crop. This minimum price is set at an equivalent of \$47 per metric ton, 26 percent above the 1974 price. Direct Government subsidy to farmers for the 1975 processing tomato crop has been eliminated.

### Israel's Citrus Exports Up

At 315,000 metric tons, Israel's 1974-75 citrus crop exports are running considerably ahead of last year's level of 270,000 metric tons, according to figures through January 16, 1975. Approximately 28 percent of the estimated total 1974-75 citrus crop of 1,545,000 metric tons had been harvested.

An important reason for increased fresh exports may be the reluctance of processors to accept all the fruit offered because of marketing difficulties abroad. Some 700,000 tons (45 percent of the crop) had been expected to be offered for processing with a subsidy of US\$5.81 per metric ton.

Prices through mid-January in Israel's markets in Europe were running 24 percent above last year for grapefruit and 7 percent above for Shamouti oranges, f.o.b. Israel (U.S. dollar quotations). The export premium for fresh citrus was raised I£0.34 for each U.S. dollar, f.o.b. value, as of January and now stands at I£1.69 (US\$2.28).

## TOBACCO

### Canadian Flue Prices Disappoint Growers

Ontario flue-cured tobacco growers remain dissatisfied with average leaf prices offered by buyers. By the end of January 1974 crop average prices to growers were 93 Canadian cents per pound, after 111 million pounds (less than half the expected flue crop) had been marketed.

Growers claim that parity with the 1974 U.S. flue-cured average price of US\$1.05 per pound is essential if they are to make a fair profit on the Ontario flue crop.

The current Canadian price, however, compares favorably with the average 1973 Ontario flue price of 79 Canadian cents per pound, as well as with the guaranteed minimum flue-cured growers' price of 83 cents per pound for the 1974 crop, negotiated last fall between the Ontario Flue-Cured Growers Tobacco Marketing Board (OFCGTMB) and the Canadian Tobacco Manufacturers Council (CTMC).

Unless prices improve, growers may attempt to force up the 1975 crop price by reducing crop poundage quotas for next season when set by the OFCGTMB at the close of the current auction markets.

Ontario flue-cured tobacco accounts for more than 90 percent of Canada's total tobacco crop, estimated at 263 million pounds for 1974. The United Kingdom in recent years has taken 75-85 percent of Canada's leaf exports, which in 1973 were 62 million pounds. Projected United Kingdom leaf needs help determine Ontario flue-cured production targets.

Canadian tobacco will lose its Commonwealth preferential access as the United Kingdom continues over the next 2 years to align its tariff schedule to the European Community Common External Tariff.

## COTTON

### Turkish Cotton Area To Decline, Exports Slow

As world cotton prices continue to decline, Turkish sources have indicated a sharp drop in cotton acreage for the 1975-76 crop. Official estimates by the National Cotton Advisory Committee placed 1974-75 cotton acreage at just over 2 million acres and lint cotton output at a record 2.7 million bales.

At the same time, export sales are unusually slow. Support prices for cotton are far above world market levels, but farmers claim that their production costs exceed these support prices.

State-financed cooperatives authorized to support farmers are not equipped to purchase or store the entire crop. Despite large deliveries to cooperatives and private gins, farmers still retain a substantial volume. During the 1974 season, both fertilizer and pesticide prices increased considerably. Wages for farm workers, especially cotton pickers, increased by about 70 percent.

## GENERAL

### U.S. Food Aid Upped For Fiscal 1975

In a recent statement, Secretary of Agriculture Earl L. Butz indicated that the increase in the fiscal year 1975 budget for food aid to \$1.6 billion "confirms once again that the United States intends to share fully in supplying nations with food—even during a period of decreased supplies in the United States.

"The new budget level for Public Law (P.L.) 480 is more than \$600 million above earlier levels and is a similar amount above the actual expenditures last fiscal year. The increase in budget will bring projected shipments in the current year at least 2 million tons above last year's program."

According to the Secretary, "the new budget increase reflects our continuing reassessment of world supplies and the needs of deficit nations. There has been some easing of wheat supplies, and we should be able to take care of the additional P.L. 480 programming without threat to domestic food supplies or interfering with normal marketing."

The increase in P.L. 480 programs to \$1.6 billion (including ocean transportation) in the current fiscal year compares with \$963 million spent last year. The volume of P.L. 480 food shipments in the current fiscal year is expected to reach more than 5.5 million metric tons, compared with 3.3 million tons in fiscal 1974.

## DAIRY AND POULTRY

### EC Dairy Stock Levels Reported

European Community butter stocks in January 1975 were about 228 million pounds, with 113 million pounds of the total being held by the intervention agencies. The EC maintains that butter stocks at this level are in a relatively good position.

However, nonfat dry milk stocks at a reported 800 million pounds are considered excessive. The increase in the intervention price for nonfat dry milk during 1974-75 is the main reason given for the larger dry milk stocks, despite an export subsidy. To help reduce the burdensome stocks the EC gave final approval to sell 220 million pounds of nonfat dry milk to nonprofit and charitable institutions for Food Aid at about one-half the current commercial price.

### Cuba Buys Most Canadian Poultry

Cuba became Canada's largest export market for poultry in 1974, taking over 80 percent (almost 13 million lb) of Canada's total chicken exports during the first three quarters of the year. These sales were made under price concessions. Most of the Cuban trade was accounted for by Quebec, which produces almost 40 percent of Canada's broilers.

### EC Dairy Costs Reported

Recent annual expenditures of the European Community stabilization fund (FEOGA) on behalf of the EC Dairy Common Agricultural Policy have been equivalent to about \$75 per cow.

### Soviets Produce, Consume More Milk and Products

Soviet milk production increased about 6 percent in 1974 over 1973 output, from a cow herd marginally larger than that of the previous year. Increased efforts to supply more mixed feed and better balanced rations are reflected in the increased output per cow, which is reportedly up 3 percent.

Per capita consumption of milk and dairy products in the USSR in 1974 was about 675 pounds milk equivalent, the highest in 10 years, and 11 percent above the 1965-69 average.

Soviet trade in dairy products (both imports and exports) is generally insignificant. An exception occurred in 1973, when the European Community sold 440 million pounds of butter to the Soviet Union. The subsidized price of the butter was about 18 cents per pound.

### EC Approves Dairy Price Hikes

The European Community Council of Agricultural Ministers recently approved a two-step price increase in the 1975 target price for milk. A 6.4 percent increase posted on March 3 will be followed by an additional 4.7 percent increase on September 16. The March increase will boost the target price of milk to \$8.62 per hundred pounds, while the September increase will raise the target price to \$9.03 per hundred pounds. Support prices for butter and nonfat dry milk will be raised proportionately to support the higher milk prices.



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FOREIGN AGRICULTURE

## Venezuela's Higher Farm Outturns

*Continued from page 5*

for about 60 percent of this value, and cocoa for about 25 percent.

A further expansion of the economy at a rate at least equal to that of 1974 is forecast for 1975. Revenues from petroleum exports are expected to be as great or greater than in 1974. Larger revenues from the export of iron ore are expected to result from nationalization of iron mining on January 1, 1975, and the higher export prices that followed.

These increases are expected to spark growth in such sectors as construction and manufacturing, and it is regarded as likely that the Government and services sectors of the economy will continue to show significant growth.

Venezuela's balance of trade in 1975 should remain overwhelmingly favorable, but whether or not the surplus in 1975 will reach the level of 1974 is not clear. The larger expected export earnings from petroleum and iron ore may lead to an accelerated increase in the rate of imports.

The overall level of Venezuela's agricultural production is expected to increase significantly in 1975. Weather in late 1974 and early 1975 was generally good, and this situation is reflected in ample supplies of irrigation and ground water.

Acreages planted to most crops probably will increase in 1975. Further increases in the livestock sector are expected. A considerable portion of this increased farm production will be the result of higher guaranteed producer prices for many commodities as well as the greater amounts of credit now available to the agricultural sector.

These increases could lead to problems in the marketing of the increased output—limited transport facilities and handling and storage facilities. Also, some increased production may have to move into export markets, thereby creating additional problems.

A gain of as much as 10 percent in Venezuela's index of

total agricultural production during 1975 seems not unreasonable.

Despite expected increased agricultural production in 1975, Venezuela still will be required to import quantities of farm commodities to meet consumer demand. In some cases—feed-grain and oilseeds, for example—demand will exceed national production, and in other cases—wheat and deciduous fruits, for example—there is little or no domestic production.

Opportunities for marketing of U.S. farm products are expected to remain good in 1975. As in recent years, the major share of this trade will be bulk items, and it is reasonable to assume that the Venezuelan Government will continue its policy of discouraging the importation of consumer items.

Any decline in unit values of some or all of the major U.S. farm items exported to Venezuela in 1975 probably will be offset by increased volume. Total value of U.S. agricultural exports to Venezuela in 1975 is expected to be about equal to that of 1974.

Venezuela's greater agricultural production in 1975 may allow an increased volume of exports during the year. Larger shipments of the traditional export items such as coffee and cocoa can be expected, and Venezuela may again be an exporter of sugar.

Also, quantities of Venezuelan rice, cotton, and tobacco may move into world trade, while the traditional shipments of fresh produce and other consumer items to the Netherlands Antilles will continue. The total value of Venezuela's agricultural exports in 1975 probably will exceed the 1974 level, but the value of items exported to the United States may not change significantly.

—Based on report from  
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